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| Name of Licensee | ► FE, ME or TR Number | |
| | Month of Return | Year |

"Bad debt" means the taxes attributable to any portion of a debt that is related to a sale of tobacco products subject to tax under section 7 [of the Tobacco Products Tax Act] that is not otherwise deductible or excludable, that has become worthless or uncollectable in the time period between the date when taxes accrue to the state for the licensee's preceding tax return and the date when taxes accrue to the state for the present return, and that is eligible to be claimed, or could be eligible to be claimed if the licensee kept accounts on an accrual basis, as a deduction pursuant to section 166 of the Internal Revenue Code. A bad debt shall not include any interest on the wholesale price of a tobacco product, uncollectable amounts on property that remains in the possession of the licensee until the full purchase price is paid, expenses incurred in attempting to collect any account receivable or any portion of the debt recovered, any accounts receivable that have been sold to a third party for collection, and repossessed property.

| a. Invoice Date | b. Invoice Number | c. Name and Address of Person the Tobacco Products were Shipped, Sold or Transferred To | d. Number of Cigarettes (Not packs, cartons or cases) | e. Wholesale Price of OTP Purchases/Imports |
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| TOTAL | | | | |

A person claiming a bad debt deduction on this schedule must complete in full the information required above and must attach all of the following:

1. A copy of the original invoice that supports each of the bad debts listed above.
2. Evidence that the tobacco product was delivered to the purchaser (e.g., a bill of lading signed by the purchaser).
3. Evidence that the purchaser of the tobacco product did not pay the licensee and that the licensee has used reasonable collection practices to collect the debt. (Proof of reasonable collection practices includes copies of delinquency letters, invoices showing a past due amount, and/or copies of US Certified Mail cards showing the person signed for the letter/invoice and/or refused to accept the letter/invoice). **Note: The delivery of tobacco products to a purchaser who is delinquent on a previous delivery of tobacco products may result in the department requiring additional evidence that the licensee used reasonable collection practices to collect the debt.**
4. Explain why you decided the debt was worthless. For example, you could show that the borrower had declared bankruptcy, or that legal action to collect would probably not result in payment of any part of the debt.

I certify under penalty of perjury that the information on this schedule and any attachments is true and complete to the best of my knowledge.

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| Authorized Signature/Title | Date |
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